

January 8, 1986

TO: File

FROM: Randy Harden

RE: Crater Exploration, Partial Bond Release, ACT/019/017

Crater Exploration has completed most of the reclamation work required with the exception of seedbed preparation and revegetation. The bond amount for the site could be reduced so as to only include costs for the remaining work.

The following cost estimate indicates that Crater can reduce their bonding liability to \$3,100.00, which would be sufficient to complete reclamation of the site. Once Crater submits bond in this amount to the Division, the current bond, Irrevocable Letter of Credit No. 1930 from First Interstate Bank in the amount of \$9,680.00 can be released to Crater. Partial bond release should still, however be subject to the conditions as provided in earlier correspondence to Crater which are included at the end of this memo.

Partial bond release is calculated as follows:

Estimated Area - Approximately 5 acres

Seed Bed Preparation - Scarification

980C Tractor w/ Scarifier

1.5 ac per hour

\$195.88 per hour

5 ac / 1.5 ac per hr * \$195.88 =

\$652.93

Seed Mix Cost

Bluebunch Wheatgrass @ 4lb/ac x \$4.00/lb

\$8.00

Standard Crested Wheatgrass @ 5lb/ac x \$1.15/lb

\$5.75

Russian Wild Rye @ 3lb/ac x \$3.45/lb

\$10.35

Yellow Sweet Clover @ 3lb/ac x \$0.50/lb

\$1.50

Total Cost per Acre PLS Mix -

\$25.60

Note: Seed Mixture is based on the approved mixture for the Taylor Placer Property, near Crater's operations. It is expected that the reclamation plan for Crater will use an identical seed mix.

Fertilizer Costs - Assume \$25.00 per acre.

Assume that 20% of the area or 1 acres will require re-seeding. Thus a total of 6 acres of seed mix will be required.

Revegetation Costs

Labor - 2 men for 2 days hand broadcast seeding and fertilizing. Labor cost is \$22.40/hr.	
Estimated Labor Cost = $2 \times 2 \times 8 \times \$22.40 =$	\$716.80
Seed Mix Costs = $6 \times \$25.60 =$	\$153.60
Fertilizer Costs = $6 \times \$25.00 =$	\$150.00
Estimated Cost for Revegetation =	<u>\$1,019.20</u>

Monitoring Costs

1 visit per year for 3 years @ \$250.00 per visit	<u>\$750.00</u>
---	-----------------

SUBTOTAL	<u>\$2,422.13</u>
15% Contingency	\$363.32
SUBTOTAL	<u>\$2,785.45</u>
Escalation for 3 yrs @ 3.79% per year	\$328.86
TOTAL	<u>\$3,114.31</u>
TOTAL ROUNDED TO THE NEAREST HUNDRED DOLLARS	\$3,100.00

BOND AMOUNT REQUIRED IN 1989 DOLLARS \$3,100.00

Note - Escalation is based on Means Cost Data Index. Three growing years are required prior to approval for final bond release, thus the estimate is escalated for three years.

Page 3
ACT/019/017
January 8, 1986

Conditions for partial bond release were outlined to Crater in a November 7, 1985 letter from the Division which included the following:

Partial bond release for the Cato #1 Property will not be allowed until the following information is provided to the Division:

1. Crater must submit annual reports for the operation as required on form MR-9 for 1983, 1984, and 1985.
2. A map must be provided to the Division showing the location and extent (in acres) of those areas disturbed during the mining operations with sufficient detail so as to locate and identify the area in the field.
3. The Division has no specific and detailed reclamation plan for the operation. It has been inferred in the mine plan that the post mining land use will be agricultural, and that some preliminary work had been done to evaluate the site for agricultural use by the SCS. However, the Division requires that a specific reclamation plan be submitted by the operator, approved and then enacted in order to obtain partial bond release. After a minimum of three growing seasons and upon achievement of revegetation success standards approved in the mining plan, total release of funds can be accomplished.

It is recommended that these conditions remain prior to any partial bond release.

cc: S. Linner
P. Grubaugh-Littig
L. Braxton

1010R; 45-47